

Transcript of President's News Conference on Foreign and Domestic Matters

Following is a transcript of President Reagan's news conference yesterday in Washington, as recorded by The New York Times:

OPENING STATEMENT

Before taking your questions, I want to share with you, just briefly, my reflections on the important events that we've witnessed today.

From Moscow, we've learned of the death of President Brezhnev—a man who played a major role in world affairs for more than two decades.

Here, in the White House, I met with Phil Habib about our plans to help bring peace to the Middle East, where the opportunity for progress has been fundamentally improved by recent developments in that region.

And also today, the space shuttle was successfully launched. Once again we will expand mankind's opportunities for enriching the human experience through peaceful exploration of the Universe.

These events could have a critical impact on our future, a future we face with confidence and resolve.

'Must Always Be Prepared'

If there is a lesson for us, it is that as a free people, we must always be prepared for change so that when it comes, we're ready to meet new challenges and opportunities.

Our system of government is unique and best able to adapt to change and move forward without disruption or

break in continuity of purpose.

I want to underscore my intention to continue working to improve our relations with the Soviet Union. Two nations bear a tremendous responsibility for peace in a dangerous world. The possibility that we don't take lightly.

Earlier this year, we put forth serious and far-reaching proposals to reduce the levels of nuclear and conventional forces. I want to reconfirm that we will continue to pursue every avenue for progress in this effort.

But we shouldn't delude ourselves: Peace is a product of strength, not of weakness; of facing reality and not believing in false hopes.

Today, we honor American veterans, men and women who, by their courage and dedication, protected our freedom and independence.

In the wake of events in the Soviet Union, we remain hopeful for a better relation. Conscience of our national interest and our desire to remain a free people, I can think of no better day than Veterans' Day to rededicate ourselves to peace and to those things necessary to maintain the peace and to preserve our freedom.

And now, Jim.

QUESTIONS AND ANSWERS

Brezhnev's Funeral

Q. Mr. President, who will be leading the U.S. delegation to Leonid Brezhnev's funeral? If you won't be going, how come?

A. Well, I don't anticipate that. They make this transition. And we certainly hope that there won't be anything of the kind.

Q. But with regard to the service, we've had no direct official word yet on anything about the service, although we are in communication directly with them. And it was just a plain case of looking at schedules, my own schedule calling for visits here by a head of state next week, and it was felt that it would be better for George to head that delegation. But it will be an appropriate and a very distinguished delegation.

Q. It will be the Vice President definitely?

A. That's what I'm hoping.

Q. It will be the Vice President, then, who will be heading the delegation?

A. This is what we're considering now. No final decisions have been made because, as I say, we're waiting for some word from the Soviet side.

Q. If there is a period of tension, how would you respond?

A. Well, we've had periods of tension before and I think you just— you can't guess in advance or what the answer would be except that I think we'd— we'd continue to do our goal and we'll remain a search for peace. And we would try to find the best way to achieve it. And, incidentally, I believe that we can continue that search without my attendance at the services.

Gasoline Tax Fund

Q. Mr. President, at your last news conference you said it would take a palace coup for you to approve a five-cent-gallon increase in gasoline to build highways and create jobs. Have you changed your mind? And I'd like to follow up on that.

A. Well, Helen, I don't think that I said it with reference to that. I said that on a general subject of tax increases as such it'd take a palace coup.

Q. It's a question on that tax.

A. ... but, on the thing that we're talking about, this particular increase is under discussion but it was under discussion a year ago and at that time I asked the Department of Transportation, Drew Lewis, the secretary, to hold off, certainly for another year, because of the economic problems that we face. I don't want to see that, as let's say, a job-creating program— although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be met sooner or later. I wish the economy were such that we didn't have to worry about it all. But it is still under discussion. No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$30 a year.

See President Favoring It

Q. Sounds like you're leaning toward it, and while I'm on the subject, Mr. President, with 11.6 million people out of work, would you be willing to have some cutbacks in defense spending to help these people who are out of work?

A. Well, Helen, we're doing a number of things to help the people that are out of work. It is true that there are other voices that are being raised in the Congress. We're suggesting that the answer is to look to things that have been tried before in the past, the decisions, namely make-work job programs with the Government taking billions of dollars out of the private sector to spend on these programs. One has even noticed or looked to see how many people might have lost employment over here in the past year, and transfer of funds to those Government projects. The truth is that, over a

seventeen-year period, which includes 1981, a year in which the budget was not ours, we inherited that. In 1981, the Government has spent \$69 billion on the kind of job programs that we've had in the past. And now, on the Hill, And that \$66 billion got us nothing but an increase in unemployment. It did not resolve the problem.

We can't resolve the problem and really do what is right for the unemployed unless we make the economy sound, expand the economy, and thus create the jobs that we must have.

Q. Well, expanding the economy, just point out, when I'll just lecturing, one of the problems is that three million of the unemployed are the result of that many new entrants into the workforce over the last two years. And because of the stagnant economy, we did create the three million new jobs for those new entrants into the workforce. And this has got to be one of our great problems, is creating the job to keep up with that kind of expansion.

Leslie.

East-West Initiative

Q. Mr. President, the Polish Government announced that they're about to free Lech Walesa and, as you mentioned, Mr. Brezhnev is dead and the Soviet Union is losing its superpower. Is there any thought in your mind that this would be a good time to create a new initiative, that would be a symbolic step, to—that would lead to the lessening of tensions between East and West? And are you thinking of taking any initiative that would lead to a world a signal that you would like that to come about?

A. Well, I'm still trying to do that in the area of quiet diplomacy, tried in the summit conference, tried in the NATO conference of various things. And we are prepared and ready and they know that—that about trying to have a better relation. But it's going to require some action, and that's what we're looking for.

For 10 years, détente was based on words, from them, and not any deeds to back those words up. And we need some action that they can't ignore, to tango—that they want to tango, also.

Q. But are you willing to take the first step at this stage, at this juncture?

A. Well, there are some people that I think are trying to do that in the area of quiet diplomacy. Have we gotten anything for it?

Unemployment

Q. Mr. President, after the last set of unemployment figures came out, our spokesmen said that there was an improvement in the situation in the near future. Do you foresee the unemployment situation becoming worse before it gets better; or could we look for an improvement this month?

A. The unemployment, as I've said so many times before and as we all know, is the last of the indicators that comes up as you're coming out of a recession, when you're in that period of transition. But also, if you look back at history, you'll find that in that same period it is very volatile. It could possibly go up more; it could go the other way; it could stay level. It isn't a sound indicator to look at that and say which way is the economy going?

I do believe that what we're doing is the only course that can stimulate the economy, and I think we've seen evidence of that in the market place. We have just received word that in September the applications for F.I.A. home mortgages, single dwellings, has gone up to a level that is higher than it has been for the last several years—and the last four, at least. The sale of homes in October, of new homes, was up 15 percent above the normal level for the month of October.

And we can find other things: automobile sales last month increased 3.9 percent. So we think we're on the right course. But that doesn't mean that we don't do some of the things, such as our job-training program, to try and solve that problem of the increasing people in the work force who are trained a million people a year. The program for export trading companies billions of dollars out of the private sector to spend on these programs. One has even noticed or looked to see how many people might have lost employment over here in the past year, and transfer of funds to those Government projects. The truth is that, over a

we're doing those things that we think are proper. We're not going to go down the dead-end street that just leaves us set up for another recession.

Yeah, Lou.

Military Budget

Q. Mr. President, if I can return to the defense budget question, a number of Republicans, not just those who want to return to policies of the past, have suggested that in the spending cuts that are necessary in this next budget that it would be good if the Pentagon also participated in this. And some of these have said that in the long run the defense budget would be better if the economy is healthier. Have you ruled out the possibility that you would modify in any way your call for an increased defense budget, maybe just this one year when the economy is not what you'd like it to be?

A. Well, Lou, it isn't the kind of a budget that you can do for just one year. The various weapon systems and so forth are things that have to go on down the line. You don't just call up a supplier and get a delivery on what it is you want to buy or call him and say send it next month. And you've got to remember that a great share of the defense budget is for the men and women in the armed forces, the pay scale that is now approaching some reasonable level.

But we're looking at everything, and we're not prepared to give any indications yet of what we're looking at. I would have to say that we're looking, if there are savings that can be made without delaying or setting back what we think is the improvement we must have if we're going to close that window of vulnerability that we inherited. We can't do that. The first and primary function of the Federal Government is the national security.

Chris?

West Bank Settlements

Q. Mr. President, Israel continues to ignore our call for a freeze on settlements on the West Bank. How damaging is Israel's ignoring of that freeze to the peace process? And what are your subjects? We do think that it is a hindrance to do about it?

A. Well, Prime Minister Begin is coming here and I'm sure that he and I will have some talks on that, as well as other subjects. We do think that it is a hindrance to do about it.

Q. Obviously, the solution to the Middle East must be what we outlined earlier, and that is to bring the Arab states and Arab leaders and the Israelis together at a negotiating table to resolve the differences between them. And that begins with their recognizing Israel's right to exist as a nation. So, we're—I'm still optimistic and that's why Phil Habib is going back there.

Q. Sir, are you prepared to do more than just talk with Prime Minister Begin? Are you prepared to consider any sanctions to force a change in Israel's position?

A. Well, I don't think that it would be good diplomacy to be threatening or anything. And I don't believe that's necessary. I think that—I think that all of us realize that peace is the ultimate goal here.

Social Security

Sam.

Q. Mr. President, your Social Security Commission is to report by the end of the year but Senator Dole says that the Democrats ought to come forward with their program to reorganize the Social Security System before the commission reports for fear that the Democrats just won't support it. Now, do you support Senator Dole's call in that respect?

A. Well, let me just say, without whether I support it or not, I don't understand the Senator doing that in view of the experience we've had with others laying back and then offering a proposal to solve a problem. If you will recall a little history, a year ago when we talked about the threat to Social Security's solvency, they claimed there was no such threat. But we said at the time it could not get through the end of 1983 without being put in order. They denied that. Now they are admitting it can't get through July of 1983.

Q. But sir, what about my question: do you support Senator Dole's call?

A. I said that I would not to comment as to whether I support it or not. I said I could understand why he would say that. I do feel that: the answer to this problem is so serious, the solvency of Social Security, that it is time that those who have frightened the senior citizens of this country the way they have quaked frightened because I know of no one, and especially me, who is going to support any program for restoring the trust funds that reduces the checks below the level that the present beneficiaries are getting. And these people, poor people, have been frightened to death by charges that there were some of us out there that were trying to take this away from them. And I don't.

Time for Leadership

Now, I don't want to get into whether we should do it or not, but what he is saying is what has to happen. It is time for leadership. It is time for both sides of the aisle—to come together with the knowledge that we've got to sit down around a table and work out a solution to this problem.

Q. Sir, excuse me, but if you don't want to answer my question, I understand. But may I try another one? If you don't want to reduce the benefits, the only other way is to raise taxes or to remove from the rolls some number of people in the future who might otherwise be on it. What course would you take in that regard?

A. Oh, Sam, there are a number of opportunities that go back a long way and it can go back to people that are presently paying in and a long way from collecting. There are a number

of opportunities. As for taxes on Social Security, I think it's time the American people knew that for the last eight years, beginning in 1983, there is going to be a tax increase every year in Social Security tax. Five of the eight years it will simply be for part of the wage earners because their tax increase will come from the increase in the amount of salary or wage that is being taxed. But three of those eight years will also be in addition to that an increase in the rates. I don't think that there's very much more room. More people working for a living today are paying a higher Social Security tax than they are income tax. More people than there are the other way.

Cathy.

Tax Effect on States

Q. Back on the gasoline tax, Secretary Leites briefed you yesterday. Can you at least tell us what you see as some of the pros and cons of that proposal, particularly the mass transit aspect? And can you make it equitable to all states or will some states bear an unfair burden of that tax?

A. Well, again, as I indicated earlier, you'll have to wait on that one because that one was just presented yesterday. No decision has been made. Obviously, in any new weapons system, both at the local and state level and for our own interstate, the Federal highway system. And we have a program that has been proposed deals with both those problems. But you'll just have to wait and see if we make a, what decision we make.

U.S. Opportunities

Q. Sir, you like to describe yourself as an optimist. A man who sees opportunities instead of problems. And in that light, I'd like to hear what you think about the opportunities that the United States now has, with the death of President Brezhnev.

A. Well, the death of Brezhnev is a factor in this, of what opportunities we might have.

Q. You've felt for a long time that we have an opportunity because while the entire world, including the Soviet Union and ourselves, is involved in a deep recession, in deep economic problems, all of us, it would seem to me that out of those troubles that might be a time when in a cooperative sense, we could find out that we'll all be far better off if we decide to get along with each other, instead of one pursuing an aggressive policy and the other one resisting that, and so forth.

Q. I am optimistic that, and would have to say that with this death, continue to be optimistic that we can get together.

Jobs Legislation

A. Bob Ellison.

Q. Mr. President, in view of your earlier statements about jobs and employment, will you firmly oppose the jobs bills coming down from Capitol Hill, or are there certain guidelines or under which you will support them?

A. The guideline and criteria for doing it as proposed is going to be, is it further or does it delay the improvement of the economy? Now, nothing has come down from the Hill, so I can't only be that you have repeated on the air or that you've written in the press about what they're doing. I would be a drag on the economy and would slow down effort to really restore legitimate employment.

Now Bob Kittle.

Nuclear Arms Freeze

Q. You've said recently that you believe a number of sincere Americans who support a nuclear arms freeze are being manipulated by those who want the weakening of America. Could you elaborate on this for us? Do you have some evidence of this? Or is it just a U.S. peace movement?

A. Yes, there is plenty of evidence. It's been evidenced by the fact of your fraternity. There was no question but that the Soviet Union saw an advantage in a peace movement built around the idea of a nuclear freeze, since they are out ahead. And I'm, I want to emphasize again that the overwhelming majority of the people involved in that, I am sure, are sincere and well-intentioned, and as a matter of fact, they're saying the same thing I'm saying. And that we must have a reduction of those nuclear weapons, and that's what we're trying to encourage the peace movement to do.

But to put the freeze first, and then believe that we have not weakened our case for getting a reduction when the other side is so far ahead to do that makes sense. But, yes, there has been in the organization of some of the big demonstrations, the one in New York and so forth, there is no question about foreign agents that were sent to help instigate and help create and keep such a movement going.

Q. Is that the extent of the involvement as you know it or has there been money involved or are there other ways that the Soviet involvement has manifested itself?

A. I can go beyond what I've done because I don't discuss intelligence matters, and that's what I would be getting into now.

Cost of Arms Buildup

Q. Mr. President, evidence mounts that key weapons in your \$400 billion weapons procurement buildup are in trouble. Navy spends say that the F-18, on which you spend \$40 billion, is over budget by \$1 billion. And your closest military science adviser says your latest basing plan for the MX

won't fool the Soviets. The Pershing missile, on which NATO depends, would depend, literally can't get off the ground. The antitank weapon the Army wants to buy seems to be ineffective against modern Soviet tanks. The Maverick missile can't find its target. I wonder whether in light of all these failures you have any reason to wonder whether a \$400 billion arms buildup is money well spent?

A. Well it isn't \$400 billion in any single year that I know of—that's exaggerating. I've read all those same articles and, having access to information close to the source, I don't believe those things about the weaponry. Obviously, in any new weapons system there are problems and there are bugs that have to be worked out. But I have faith in our technology and the level of that technology, and I know that we have been making steady increases in our defensive capability with what we're doing. And I say some of my sources I can't reveal.

Arms Control

Q. As you may recall, last June in Berlin you talked about the nature of conventional arms, one the matter of strategic missiles and the other on the matter of the I.N.F. zero option that I announced a year ago. I'll tell you what I'd rather ask you to do and wait for is in the very near future I am going to be speaking in a major address on that entire subject.

Jerry?

Marines in Lebanon

Q. Thank you, Mr. President. You said in September that you could not determine how long American marines would remain in Lebanon. But now, after two weeks ago, don't you think it's time to give the American public an indication of how long they'll be there?

A. Jerry, I wish I could. This is one of the reasons why Phil Habib is back over there and take charge of the situation. And here, as proposed, is one that requires, of course, the ability of the new administration in Lebanon to stabilize and to be able to take charge of its own government. You can think it's time to give the American public an indication of how long they'll be there?

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A. I can go beyond what I've done because I don't discuss intelligence matters, and that's what I would be getting into now.

Q. Mr. President, I'd like to try to reason on behalf of the possible success. It is possible that the United States might cut back on aid to Israel in direct proportion to the cost to that country of establishing new settlements on the West Bank? All this as a means of achieving the freeze that you

A. I don't think, to answer that question one way or the other, I don't think that would be helpful in the situation that we're in today where we have made so much progress with the Arab states, the unusual, the unique thing of the peace process, the Arab League being here to meet with me as they were just some days ago, the need now

for Israel to itself recognize that they too must play a part in making it possible for negotiations. The part that must be played and recognized is that one of President Gennep's problems now is reconciling Muslim groups within his own country. I don't think to start talking about whether I should or should not make threats of some kind or other is going to be fruitful at all.

Q. In a questioning of the information, it is true that the Begin Government now is spending about \$100 million a year to subsidize settlements on the West Bank? Do you—

A. I don't know that figure. I imagine I could find that out very easily.

Thanksgiving

Q. Mr. President, in two weeks, the United States will celebrate Thanksgiving. Given the passing of Brezhnev, inevitably there are comparisons between the two systems. Could you take just a minute to tell Americans why at this time they especially should be thankful for their blessings and give a comparison of the two systems?

A. Yes, because I think the comparison is so obvious. And you don't even have to use our own country. Turn to some of the newer and developing countries, and those that have chosen our way, the free way, free trade, democracy, and the standard of living and the happiness of their people than the others that have chosen the other, the controlled, the authoritarian way.

Q. And I think here, as Lincoln said it and as it's truer every day, this is the last best hope of man on earth. We are freer than any other people. We have achieved more than any other people. And if you look around this room, I thought the other day, when we have all those representatives from all over the world in this room, all those representatives in this room who were here to look at our election, to learn how they could spread the word about our kind of freedom in their own countries and in other countries on the rest, the other countries, I thought that was the best of all the morning of Americans in this room and the ethnic heritage of the Americans in this room would be as diverse and there would be as many representatives as there were in those hundreds of people who have come from foreign lands to be here in this room, to be gathered proudly as Americans, in spite of that difference in birth.

There just isn't any comparison that we have and what we have to be thankful for.

Yes, Ralph.

Veterans Administration

Q. On this Veterans' Day, would you tell us if you are going to name Harry Walters as the new Veterans Administrator? Second, if you are, what has delayed the announcement, and third, did your staff mess up in obtaining the necessary Congressional clearance on the nomination?

A. I don't think we messed up on anything at all. But I am not prepared to announce who is going to be the designee at this time. That will be announced properly in the prime time.

Now Ralph, because I did call on you.

Pipeline Sanctions

Q. Mr. President, are you close to an agreement with West European countries on East-West trade policy that would enable you to lift the sanctions on the Soviet natural gas pipeline?

A. Well we are in negotiations and have been for some time on the East-West matter with our allies and we at last may have a breakthrough. I think progress. I have nothing to announce as to any definition of that at this moment, but we've made progress. We started this long before there were sanctions. We started at Ottawa last year. We tried again in Europe at the two meetings, the summit meetings. We have continued. We have a team negotiating over

We finally put the sanctions in effect, but we're discussing that relationship or that arrangement with our partners without the sanctions being any part in it. Our decision on the sanctions will be based on when we feel they've served their purpose and when we feel that there could be a better situation without them.